

SENATE APPROPRIATIONS COMMITTEE TESTIMONY

BY JAMES P SHEA

10-30-12

Chairman Kahn and members of the committee, it is an honor to be invited to speak before you on the critical issue of restoring our road, bridge and related infrastructure. I am humbled by your invitation and applaud your determination to address this important issue that is so critical for Michigan's short and long term economic growth.

Unfortunately, due to the inconvenience of a long term illness, I am not able to present my testimony in person. Thank you for allowing my brother Chris to present my testimony. Chris will be able to address questions that you may have.

My experience with road and bridge expenditures goes back to 1964 when, at the age of 17, I became a construction worker. In 1976 my brother Chris and I started a construction business. In 1979, as a member of the Michigan Road Builders, I began monitoring highway issues with special attention to highway funding. The majority of projects we have worked on have been let by the State of Michigan.

As a construction worker I received a middle class wage that allowed me to pay for college and support my family while being a contributor to Michigan's economy. As a company we provide a middle class wage for about 200 families. We have risked millions of dollars on new and unique equipment development and manufacture with the hope that the state will accept our new and improved methods. We use purchase discounts and prepay for materials and equipment even before a contract is awarded. Wages to employees working on these contracts are paid well before we

receive any payment from the awarding agency. It is clear why the construction industry is a critical driving force for Michigan's economy.

Prior to the last election, during campaign season, it became evident that most new candidates for the state legislature, as well as many incumbents, were unclear on critical issues concerning highway funding. The most misunderstood issue concerned the amount of money returned to Michigan by the Feds as compared to the amount Michigan contributed. The consensus was that Michigan received 92 cents for each dollar contributed. Many believed incorrectly that this perceived shortfall would solve Michigan's funding crisis. Others were adamant that they would not support measures to support adequate funding until this perceived inequity was corrected.

It turned out that no one I spoke with could substantiate the 92 cent number. Furthermore, a little known fact was that in about 1979 Michigan received 68 cents for each dollar sent to the Feds. Given these facts, it became clear that this issue needed to be researched with the findings being presented to as many concerned people as possible. Sound decisions can only be made on factual information.

I researched the question and studied a report dated June 2010 by the GAO titled "HIGHWAY TRUST FUND – Nearly All States Received More Funding Than They Contributed in Highway Taxes Since 2005." After speaking with the author of the report it was clear that Michigan has been receiving \$1.05 or \$1.10 for each dollar sent depending on the two methods of calculation. Additionally, further analysis shows that on a per capita basis, 39 states contribute more than Michigan.

It became important to provide this information to as many decision makers as possible. Over 30 newly elected representatives

and additional incumbent legislators were interested and kind enough to meet with me. We went through the data in minute detail. The accurate data provided a basis for the sound decision making necessary for providing an adequate level of highway funding.

Recognizing the dedication of so many legislators and encouraged by their positive response concerning the highway issues my wife, Linda, and I were inspired to find some way to be involved in helping Michigan get moving again. We established the "Students Reinventing Michigan" organization.

The purpose of SRM is to get Michigan students involved in our state government and develop their leadership abilities. Each year a difficult problem facing the legislature and people of Michigan is selected. Students write a proposal on how to solve the problem with both legislative and public support. The winners of first and second place receive \$10,000 and \$5,000 respectively. Linda and I have been financing the program to date.

The 2011 competition had students develop a comprehensive plan to improve Michigan's aging infrastructure. We chose this critical topic since I have an in-depth knowledge and experience which has been developed over my past 48 working years.

There was an unintended and very positive development as a result of the SRM program and its 2011 topic.

Both Shane Barry, first place winner of the SRM competition from Michigan State University and Lauren Grotkowski second place winner from Central Michigan University, emphasized that it was critical to educate the public in order to have a supportive legislature concerning the need for and benefits of an adequate infrastructure. SRM decided it was important to put together a

presentation to educate the public. This new information was in depth and far reaching.

The first task was to find out what the public needed to know and why. My method was to ask legislators and staff about their constituents' questions, concerns and understanding about our roads and bridges. I spoke to student groups, M-DOT, contractors, MITA, other organizations and individuals. What was discovered was enlightening.

Many people are just not equipped to understand what is involved in road and bridge construction and maintenance. They also have many questions about our infrastructure, such as how Michigan compares to other states in road quality and taxes.

The submitted power point presentation was put together entitled; "STUDENTS REINVENTING MICHIGAN PRESENTS LEGISLATIVE TOWN HALL MEETING 2012." This presentation clarifies misunderstandings, answers questions, provides interesting facts that Michiganders should know about transportation funding, explains the high cost of doing nothing and the benefits of investing in good roads.

Both Shane and Lauren agreed, as does TRIP and other reports that poor roads cause unnecessary damage to vehicles and that better roads would save vehicle owners money. Shane used the Governor's proposals in his presentation. I made an analysis of the savings to Michigan vehicle owners and its effect on the state's economy based upon these figures.

These findings are in a second power point entitled; "STUDENTS LEARNED ANNUAL REPAIR COSTS DUE TO BAD ROADS AND BRIDGES = \$370." This presentation shows that the average annual increase in gas and registration fees would be \$115 per year. After 7 years the total average increase in fees would be

\$805. Yet in that same 7 years the average cash return would be \$1,850 for a net savings of \$1,045

The improved roads would also extend vehicle life. A conservative extended vehicle life of 10% on a \$25,000 vehicle was chosen. Over a 7 year period this yields a cash return of \$2,500. The total savings of both factors would then be \$3,545.

Another way to look at this is that an annual investment of \$115 yields a total return of \$507 per year. Vehicles less than \$25,000 and over \$25,000 also have positive cash returns. There are over 8 million vehicles in Michigan.

It was now important to know what the public reaction would be to the two power points. Under the sponsorship of SRM, presentations were made at over 30 town hall meetings. SRM was the sole presenter at about 25 and a contributor at the others. Hosts were legislators, county road agencies and political party groups. The town halls lasted on average about two hours and went into great detail. After misunderstandings were cleared up, questions were answered, new facts were presented and benefits were explained the majority of people that were initially non-supportive ended up saying they would support increased highway investment.

Attendance varied from as few as 10 to over 100. While a sample of 10 people in a house district or county of 90,000 or a less may seem insignificant, consider that recent Rasmussen polls sample 600 people in a state with a population of 12 million. Comparatively, an attendance of 100 is a huge sampling when compared to Rasmussen.

There are many Michigan vehicle owners that cannot afford any additional expenses. This was a huge concern at most town halls. Possibly these people can be exempted for the first three years and

PROPOSAL 11

Funding Michigan's Transportation Infrastructure Needs

By Lauren Grotkowski
Central Michigan University

Introduction to the Problem

Michigan is home to America's automotive industry and has one of the most extensive public road systems in the nation. From the 1940s through the 1980s, state and federal funds were used to expand and improve the major trunk lines and bridges throughout the state. Beginning in the late 1990s, state roadways started to deteriorate as the funding available for road and bridge maintenance was not sufficient to meet the cost of doing necessary repairs and maintenance.

The Federal Highway Administration (FHA) has indicated that Michigan's urban roads are worse than its Midwestern neighbors and the state is one of the worst ten states scored out under the FHA International Roughness Index (FHA, 2010). Only 40.6% of our urban lane miles are in good condition compared to 56% as a national average. The decay of Michigan's infrastructure has been documented in a number of review papers. A team from the Anderson Economic Group released a report in 2010 summarizing the state of Michigan roads and bridges and recommending a course of action for improvement (Anderson, et. al., 2010).

The Michigan Department of Transportation has also documented the critical situation of the state transportation network in their annual reports and in their 2011-2015 transportation plan (MDOT, 2011). They estimate a need for 1.3 billion dollars annually to match all available federal aid. This is about 200 million dollars short of the projected annual funding available from the Michigan Transportation Fund (MDOT, 2011).

Michigan Governor Rick Snyder has recently called for changes in the fuel tax at the wholesale level and possible increased vehicle registration fees of up to \$120 per vehicle to provide the funds to complete the needed maintenance work on our highway system (Snyder, 2011). The governor noted that the bipartisan House Transportation Committee estimated that it would cost 1.4 billion dollars more than the current budget allotment over the next five years to completely meet all of the needs for upgrading and improving Michigan's transportation infrastructure to the level needed (Michigan House of Representatives, 2011).

Proposed Solution

It is clear that additional revenues are necessary to meet the shortfall mentioned above. With the current high cost of motor fuels, increases in the gasoline and diesel taxes would be unpopular. Increasing the price of fuel would have a negative impact on the budgets of every Michigan citizen who drives a vehicle, now and into the future. Likewise, any significant increase in vehicle registration fees would be difficult to accomplish politically and would be an increased tax burden on every Michigan vehicle owner every year.

We propose a redirection of certain sales tax revenues into a new, special fund which would address the transportation infrastructure needs noted above. This would be combined with a small, gradual increase in vehicle registration fees over a five year period. Our proposal is outlined below.

Step 1 – Create the Michigan Infrastructure Improvement Fund (MIIF) in the State Treasury. This would be a legislatively-created fund used to supplement the Michigan Transportation Fund and directed toward priority repair and maintenance projects. Money in this fund will leverage our ability to procure all available federal funds and greatly increase the funds available for needed infrastructure work. Once transportation needs are satisfied, the revenue in this fund could be directed in the future toward other infrastructure needs such as water supply systems and sewage treatment systems.

Step 2 – Amend the Michigan General Sales Tax Act (Public Act 167 of 1933) to direct sales tax revenues from the following sources to fund the MIIF (referred to below as “the fund”) as follows.

- a. Fifty percent of all sales tax revenues from the sale of new vehicles in Michigan shall be deposited into the fund. The State of Michigan registered 429,357 new vehicles in 2010. The National Automobile Dealers Association estimates these sales totaled \$6,440,000,000. Fifty percent of the sales tax revenue from these sales equates to over \$193 million.
- b. One hundred percent of all sales or use tax revenue from the sale of used vehicles shall be deposited into the fund. For the past decade, the Michigan Department of Treasury has collected between \$100 to \$150 million annually in “use tax” from used car sales between private parties (Lockwood, 2011).
- c. One hundred percent of all sales tax revenue from the sale of all automotive parts, accessories, lubricants, and maintenance products shall be deposited into the fund. No data are currently available to estimate the revenue from this category.

Step 3 -- Amend the Michigan General Sales Tax Act (Public Act 167 of 1933) to remove many of the current special-interest sales tax exemptions. This would make up to the general fund the sales tax revenues diverted to the MIIF in Step 2 of this proposal.

A broad variety of special-interest sales tax exemptions have crept into the sales tax code over the past 78 years. There is no reason that these should not be reevaluated from time to time and removed if no longer warranted or if the state has critical needs for this revenue. Removing these exemptions would help to “flatten” the sales tax and make sure that all consumers pay their fair share of this general tax. A suggested list of exemptions, identified by their numerical section in the Sales Tax Act, to eliminate from the statute and brief rationale for each is described below.

- a. Section 205.54a and 205.54p – Remove the sales tax exemption for churches and agricultural producers. Church and state should be separated and churches should pay their fair share of taxes on purchases. Agriculture is our state's second largest industrial sector. They are profitable businesses and are industrial operations in this day and age that do not need tax subsidies to survive. They should pay their fair share of sales taxes on purchases. The industry gets to deduct the costs of production from their state and federal income tax. They should not be allowed to double-dip by also being exempt from sales tax on purchases.
- b. Section 205.54h– Remove the sales tax exemption for purchases by Federal Government Agencies. These agencies should pay their fair share of taxes on all purchases just any other agency would.
- c. Section 205.54m -- Remove the sales tax exemption for rail freight cars, passenger cars, locomotives, parts, materials and lubricants. Railroads are profitable businesses and should pay their fair share of sales taxes on purchases.
- d. Section 205.54q – Remove the sales tax exemption for various fraternal organizations under this section. These non-profit organizations should pay the sales tax on purchases just like any other group.
- e. Section 205.54r – Remove the sales tax exemption for trucks, trailers, rolling stock, etc. for out of state use. If the items are purchased in Michigan, the state sales tax should be collected on them.
- f. Section 205.54s – Remove the sales tax exemption for purchase of investment coins and bullion. This is becoming a big industry with the increase in commodity metal prices and was nothing more than a special interest tax exemption added to the tax code several years ago. It is long overdue for removal.
- g. Section 205.54t– Remove the sales tax exemption for industrial processing equipment. Industries are profitable corporations and should pay sales tax on these purchases. As noted with the agricultural producers, these costs are deductible from their state and federal income taxes.
- h. Section 205.54u – Remove the sales tax exemption for "extractive operations". Mining, logging, oil and gas extraction, and related industries are profitable industries. Oil and gas extraction is exceptionally profitable. These industries already are subsidized by being able to remove public trust resources with minimal payback to the citizens of the state who own them in common trust.
- i. Section 205.54w – Remove the sales tax exemption for materials used in hospital construction. The majority of the medical care industry is a large, profitable business. They should pay sales tax like anyone else. So called "non-profit" groups like Blue Cross-Blue Shield have executives that are in the top 1% of income earners. If they can afford these compensation packages, they can afford to pay the state sales tax on purchases.
- j. Section 205.54aa – Remove the sales tax exemption for Native American tribal members. They are citizens of the state of Michigan as well as citizens of their tribes and they benefit from using our roadways. They should be

required to pay sales tax on vehicles, ATVs, snowmobiles, etc. just like any other Michigan citizen.

- k. Section 205.54 – Remove the sales tax exemption for installation of pollution control equipment. Industries are required to install this equipment under current state and federal pollution control laws. There is no longer any need for an incentive to do this by eliminating sales taxes on this equipment. This exemption is long overdue for removal.

Step 4 – Increase the annual vehicle registration fees gradually over the next five years. Every vehicle operated on Michigan roadways contributes to the wear and tear on our transportation infrastructure. It is only fair that the owners of every vehicle pay their proportionate share of maintaining the system.

At present there are approximately 9.7 million non-expired vehicles registered with the Michigan Secretary of State (Kelly, 2011). A ten dollar per vehicle increase in registration fees, per year for each of the next five years (2012-2017), would generate an additional 97 million dollars the first year, rising to nearly 500 million dollars by the fifth year. A sliding scale could also be implemented to charge the minimal ten dollar increase to owners of cars and light trucks while increasing the fees proportionately for Class 2 through Class 9 vehicles. This limited, gradual increase in registration fees would be much more acceptable to the general public than the \$120 per vehicle proposed by the Governor. An improved transportation system would offset some of the 2007 estimated annual cost of \$287 per person lost because of congested and poorly maintained roadways (Anderson, et al., 2010).

Educational Program

These proposed changes in the tax code will likely meet with fierce opposition from the many groups impacted. But these special interest groups should not be allowed to benefit while the general population of the state suffers with bad roads and dangerous bridges. If the general public is educated on the need for and the fairness of these changes, there will be broad political support for these changes. People are tired of special interests getting everything while the general population suffers.

Several different forms of media and promotion will be used to educate the general public of all the benefits that the Michigan Infrastructure Improvement Fund (MIIF) has to offer. The most eye-catching way promote the MIIF plan is by airing ads on television, similar to campaign ads, educating the public on Michigan's current road conditions, and the role of the MIIF in changing them. Another form of promotion that will reach a large audience is to create a Facebook page that will draw in tens of thousands of daily internet users. The MIIF Facebook page will also be a great way to encourage others to spread the word about MIIF. A third way of promoting MIIF to the general public is by creating promotional items such as bumper stickers and T-shirts, produced and distributed by Michigan's road builders. Lastly, a form of educating the

public on MIIF's plans to improve road conditions in Michigan is by airing educational ads over the radio. This form of promotion would reach thousands of people and include catchy slogans that people would remember long after hearing the radio ads.

An effective way of introducing the Michigan Infrastructure Improvement Fund to the public would be to air promotional ads on television. These television ads would range between 30 seconds to 60 seconds in length. The ads would acknowledge the extreme and potentially dangerous conditions of roads and bridges in the state of Michigan. People who view these commercials will be interested in them because the ads will address how the poor road conditions are affecting their vehicles, tourism and the overall economy of Michigan. They would also discuss the role that MIIF would play in improving the conditions of these roads and bridges.

The commercials would inform the public of how the MIIF plan would redirect the sales tax on vehicles into a fund that would pay for labor and materials needed for improving Michigan's roads and bridges. The redirection of taxes would result in no additional cost to the public. The ads would also discuss the small, gradual increase in vehicle registration fees to support the MIIF plan. The reevaluation of special interest sales tax exemptions would be presented to the public as potential ways to generate revenue for the MIIF). The MIIF ads would be similar to a government campaign ad, asking for the public's support to carry through with the MIIF plan. These ads would gain public support, and persuade the public to become more interested in what MIIF stands for. They would also be a primary source of educating the general public about the Michigan Infrastructure Improvement Fund. The cost of these ads would require funding from the road builders.

Another way to spread the word about MIIF is through online promotion. This form of promotion would be a student-led program, and would reach thousands of people who use social-networking websites, such as Facebook, daily. A Facebook page dedicated to the education and support of MIIF would be created. This page would be especially effective in our modern times, as Facebook is now becoming a primary source of communication. The creators of the page would post status updates, informing its followers of MIIF's plans to improve the condition of Michigan's roads and bridges.

This is a simple, effective, and cost-free way of educating the public on the plans MIIF has for improving the conditions of Michigan's roads and bridges. The page would ask its followers to spread the word about MIIF, either on Facebook or by word of mouth. People who would generally ignore governmental issues such as MIIF would be more inclined to "like" the MIIF page if they had an incentive to. People who "like" the page would be entered in a monthly contest to win a \$100 gas card. This form of public educating would cost nothing except time and the value of the gas cards. It also has the potential of reaching thousands of people.

The printing of promotional material such as flyers, bumper stickers and T-shirts would help in the education of the public of the MIIF. These promotional items would be produced and distributed to the public by the road builders in Michigan.

Citizens who are clueless about what MIIF is would have their interest piqued and they would be likely to question what MIIF is all about. The promotional materials would also encourage people to educate others about the Michigan Infrastructure Improvement Fund by word of mouth. The MIIF material is a conversation starter and would get people interested in learning more about how MIIF and how it would benefit them personally.

An effective way to promote MIIF to a wide range of people is by airing radio ads. The ads would include catchy themes/slogans. Some examples of attention-grabbing slogans are: "MIIF-The Road to Michigan's Future", "MIIF Means Money for Michigan", or "MIIF- Are We on the Right Road?". These slogans will catch people's attention, and they are more likely to remember them. The ads would educate radio listeners about the benefits of the MIIF plan and also encourage them to learn more about the plan by visiting and "liking" the MIIF Facebook page. The radio ads will be heard on several different genres of music stations, to assure that a wide array of listeners are being informed on the MIIF plan.

This proposal will result in minimal increases in taxes for most of the citizens of the state and more equitable payment of taxes by certain individuals and industries which have been subsidized by our tax code for far too long.

Improving Michigan's roads will help to avoid some of the costs paid by drivers who have damaged vehicles due to poor road infrastructure. These costs totaled \$542 million in total vehicle damages and an average of \$3,763 per injured person in 2006. An education program that points out these existing costs and compares them to the slight fee increases would result in increased public support for this proposal.

Conclusion

The State of Michigan has a serious infrastructure problem. It has roadways and bridges that are in disrepair and not enough money available to fix them. The damaged infrastructure has a negative impact on commerce (industrial, agricultural, and tourism) and costs each Michigan driver an average of \$287 per year.

Without sufficient matching funds, the state stands to lose billions of dollars of federal transportation funding. Anderson (2010) estimates that 15,000 Michigan jobs also hang in the balance. The benefits to every Michigan citizen from improving our infrastructure are clear and far outweigh the cost. Michigan needs to generate the revenues needed to resolve this problem and this plan is a relatively painless way to do it. All that is needed is the political will to make these changes.

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PROPOSAL 23

Reinvigorate MI Roads

A Comprehensive Policy and Marketing Solution to Increase Revenue to Fix
Michigan's Crumbling Infrastructure

By: Shane Barry
Michigan State University

Students Reinventing Michigan Competition

reinvigorate - impart vigor, strength, or vitality to.

Abstract

Michigan's roads are crumbling. This is an undisputed consensus among road agencies, government officials, and the general public. The Reinvigorate MI Roads plan provides a comprehensive blueprint for revenue generation in the State of Michigan to fully fund the infrastructure improvements Michigan needs. The plan gives a background on the necessity for additional state revenues that describes the decreasing revenue from current sources and the impact of inflation on those revenues. Reinvigorate MI Roads contains four proposals that were each evaluated based upon the five criteria of a good revenue source. Proposals that did not fit the five criteria were not considered. The benefits of immediate action to Reinvigorate MI

Roads are countless, and the greatest benefit can be summarized with a four letter word: jobs. No plan is complete without considering how it could be accomplished, and a description of how to market Reinvalidate MI Roads is included. It is time for an improvement in Michigan's infrastructure, and it is a necessary part of the state's reinvention to make it competitive in attracting and retaining businesses. It is time to Reinvalidate MI Roads.

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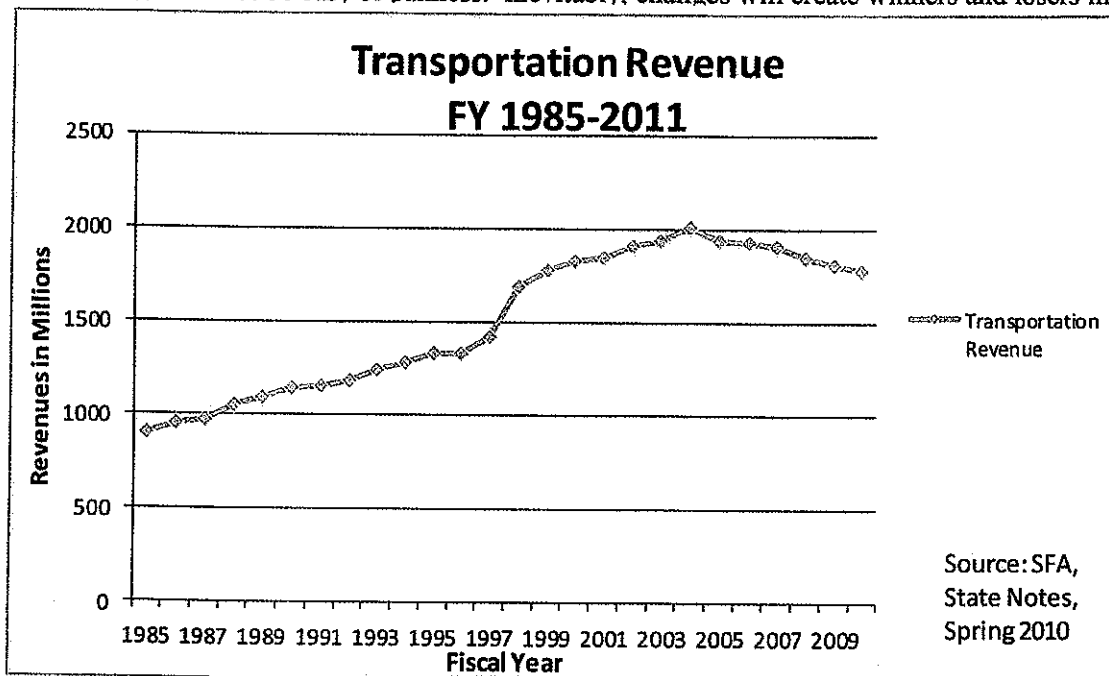
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I. The Proposal

Proposal Summary	Projected Potential Revenue
Increase Vehicle Registration Fees by \$120	\$973,490,760
Eliminate the three 10% reductions in the Vehicle Registration Fees	\$51,000,000
Direct all the sales tax on fuel to the Michigan Transportation Fund	\$800,000,000
Allow up to 25% of the Michigan Natural Resources Trust Fund Money to be used for infrastructure improvements in State Parks and Forests	\$25,524,600
Total Projected Potential Revenue	\$1,850,015,360

II. The Problem: Background

Michigan's roads are crumbling. Years of declining revenues have created a dire situation in this state that must be immediately solved. Continued inaction will exacerbate a decades old problem and cost more in the long run for the citizens of Michigan. Countless reports and studies have been issued in this state, all pointing to the same conclusion: something must be done. Proposals have been floated but no solid, concrete plan has taken hold as a consensus solution in the State Legislature. On Wednesday October 26th, 2011, the Governor issued a special message on infrastructure that seeks to begin the conversation on what can be done to repair Michigan's infrastructure.¹ The good news is that the conversation has been started in Michigan and its citizens are beginning to understand that change is needed. The bad news is that change will not be easy or painless. Inevitably, changes will create winners and losers in the



process. The state, however, can no longer wait.

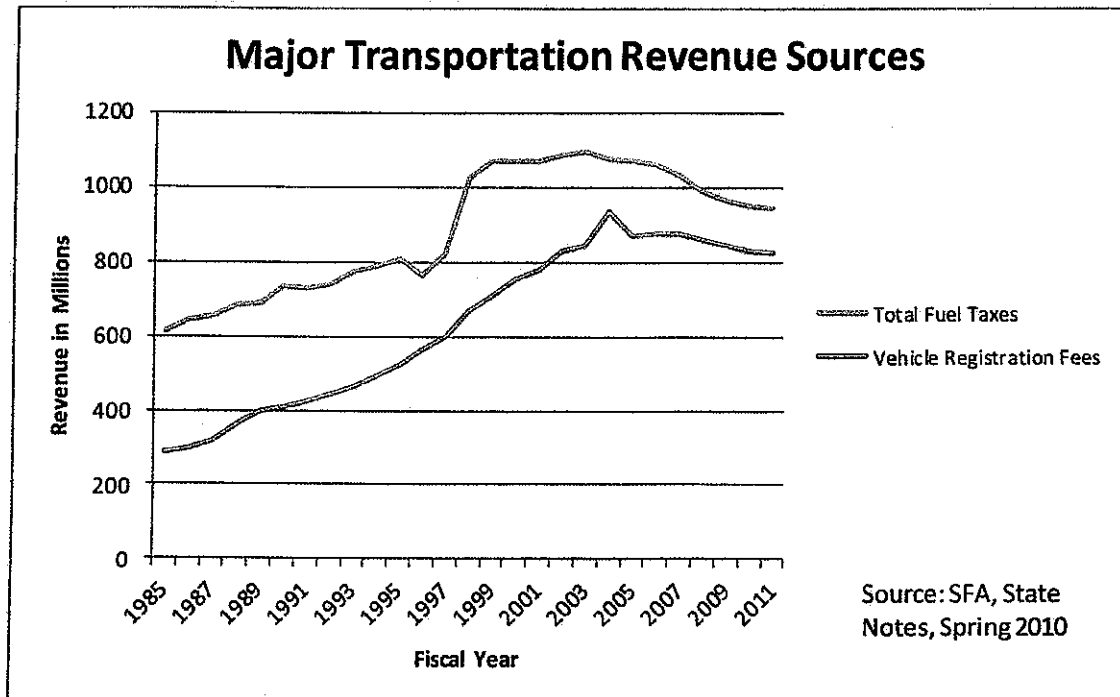
The revenues for Michigan's roads have been steadily decreasing over the past several years. The majority of payments for the construction and repair of Michigan's road system comes through the Michigan Transportation Fund (MTF). This is a State Restricted fund, meaning appropriations from this account may only be used for a limited scope of purposes that are clearly defined in State Statute. Established in PA 51 of 1951, the fund had revenues of about \$1.79 billion in FY 2010-2011, a slight increase of about 0.9% from the previous year, but a decrease of 12% since FY 04.² This reduction has been even more pronounced due to inflation. As can be seen in the chart above, funding has dropped precipitously since FY 03. Average yearly growth of the MTF from FY 89-97 was 3.4%, from FY 98-03 it was 2.8%, and

¹ Snyder, R. (26 October 2011). *A special message from Governor Rick Snyder: Reinventing Michigan's infrastructure: Better roads drive better jobs*. State of Michigan Executive Office. Retrieved from <http://www.michigan.gov/documents/snyder/102611InfrastructureMessage_367113_7.pdf>

² Hamilton, W. E. (3 December 2010). *Transportation Needs and Revenue Distribution*. House Fiscal Agency. Retrieved from <[http://house.michigan.gov/hfa/PDFs/TransNeeds_RevDistribution\(Dec10\).pdf](http://house.michigan.gov/hfa/PDFs/TransNeeds_RevDistribution(Dec10).pdf)>

from FY 03 - 09 it was -1.2%.³ The drop during the early 2000's has ceased to be a blip on the spreadsheet of the state, and has become a concerning trend that demands attention. The downward trend is due to a variety of factors because of the way that MTF revenues are sourced.

The revenues from the MTF have three primary sources: the gasoline tax, the diesel fuel tax, and vehicle registration fees. Gasoline taxes make up about 47% of MTF revenues, with the diesel tax accounting for 6% and registration fees making up the other 47%.⁴ This ratio has shifted since the 1980s when the gas tax accounted for 63% of the revenues and registration fees only 32%. As can be seen in the graph below, vehicle registration has been increasing at a



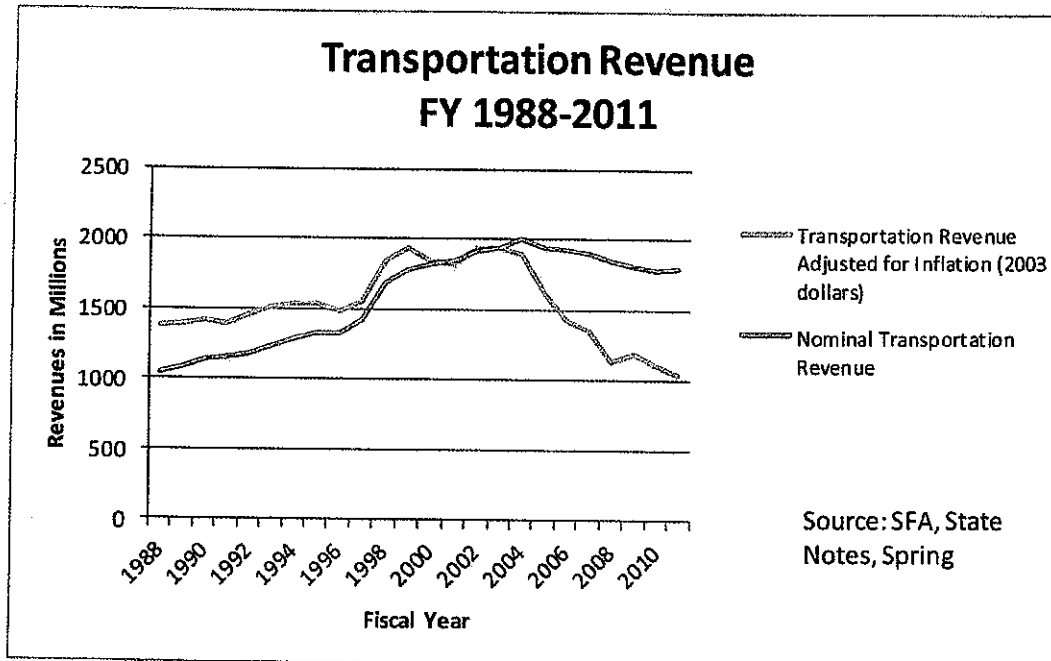
greater rate than the combined fuel taxes since the 1980s. This graph shows that fuel taxes, once a growing stream of revenue, have become stable and are beginning a steady decline. Fuel tax declines are caused by a variety of reasons including better fuel economy vehicles on the roads, less travel due to a stagnant state economy, and the increased use of hybrid and electric vehicles. Since the trends of fuel economy and better vehicles are not likely to reverse soon, even a booming economy would likely cause a smaller growth in fuel tax revenues than what has been realized in previous years.

The other major problem facing the impact of revenue collection on Michigan roads is inflation. The transportation revenue streams have not kept up with the pace of inflation and as such, they have lost much of their buying power. As can be seen in the graph below, the

³ Zin, D. (Spring 2010). *State Notes*. Senate Fiscal Agency. Retrieved from <http://www.senate.michigan.gov/sfa/Publications/Notes/2010Notes/NotesSpr10dz.pdf>

⁴ Zin, D. (Spring 2010). *State Notes*. Senate Fiscal Agency. Retrieved from <http://www.senate.michigan.gov/sfa/Publications/Notes/2010Notes/NotesSpr10dz.pdf>

reduction in revenues since 2003, when coupled with inflationary increases, the revenue losses are more drastic than what they originally appear. In fact, when adjusted for inflation, transportation revenues have declined by about 7.8% per year from FY 03 - 09, for a total reduction of about 45.9%.⁵ This loss will not be easily covered, especially without action from the legislative and executive branches of state government.



Clearly, the State of Michigan has a revenue problem when it comes to the MTF and infrastructure funding. As a result, Michigan's roads and bridges have suffered. Reports have shown that Michigan roads are deteriorating, many of them more quickly than they can be reasonably fixed has resulted in more roads and bridges being classified as being in "fair" or "poor" condition.⁶ The increasing loss of quality in Michigan roads will increase the amount of future funding needed to fix Michigan's roads. According to the Governor's special message in October 2011, without making the drastic revenue changes our state needs, only 35% of Michigan's paved, federal aid eligible roads will be in good or fair condition by 2023 compared with 68% in 2010. The problem currently being faced by Michigan is not going away, and is only getting worse over time. A solution is needed immediately that will inject needed revenues into Michigan's road system that will reinvigorate Michigan's infrastructure and make our state competitive in attracting business.

III. The Solution: Reinvigorate MI Roads

⁵ SFA, State Notes, Spring 2010.

⁶ *Michigan's roads crisis: What will it cost to maintain our roads and bridges?* (19 September 2011). A report of the work group on Transportation Funding, of the House of Representatives Transportation Committee.

Proposal Criteria

The pivotal part of a potential solution the authors of this study tried to pursue was one that fit five criteria. Each aspect of the Reinvigorate MI Roads proposal was evaluated according to the five criteria of a good revenue source. Every aspect of this proposal encompasses the following characteristics:

- 1) Recurring*
- 2) Stable*
- 3) Ready*
- 4) Sufficient*
- 5) User Focused*

The first and most important criteria was that the proposal must provide a recurring source of revenue. A one-time revenue stream might be helpful, but it would not produce the lasting effects needed to bring Michigan's infrastructure back to a level where it is comparable with our neighboring states. Too long has Michigan relied on "band-aids" such as one-time money and bonding to fix its financial troubles without addressing the underlying factors that cause such difficulties. These proposals are revenue streams that can be collected yearly, and most importantly, are stable.

The second necessary quality of a plan was stability. Stability is a desirable quality as it is something that had characterized the MTF prior to 2003. Wild fluctuations in revenues due to elastic tax bases are undesirable due to the difficulty in accurately predicting revenues. In addition, when unpredictably low revenue collections occur, the remainder of funding for the transportation programs would have to come from bonding or the General Fund of Michigan, with the General Fund expenditures being subject to the discretion of the legislature, resulting in an unstable revenue stream. The entirety of the Reinvigorate MI Roads plan is stable due to diversification and largely inelastic revenue sources.

The third aspect is that the plan must be politically viable and ready to be approved in today's political climate. Michigan cannot afford to wait, and so this study sought to provide a recommendation for Reinvigorating MI Roads that was ready now. The political aspects are discussed further in Section IV, that looks for potential ways to build public support. That is not to say that the Reinvigorate MI Roads plan will be easily accomplished, but rather it is possible. Raising revenues is never a politically easy move, since increased revenues to the State will by definition make at least some group of citizens worse off. This plan is ready because with proper political momentum and a solid grassroots lobbying effort, it could be successful. This is important since the sooner these plans can be implemented, the less it will cost the citizens of Michigan in the long run. Continued inaction will increase the severity of the problem and thus, increase the future revenues that would be required for a solution.

The fourth aspect of the proposal necessary was that the entirety of the plan must be sufficient to solve Michigan's problem. Each aspect of this comprehensive plan provides a source of recurring, stable, and ready revenue that will begin Michigan's rebuilding process. The total of the four proposals is \$1.8 billion. We believe this is a conservative estimate based upon a careful analysis of the projected revenues from each of these proposals. Reinvigorate MI Roads set a benchmark of necessary revenues at \$1.4 billion, with a goal of \$1.8 billion. These numbers are based upon recent studies done in Michigan on the increase in funding necessary to rebuild our infrastructure. The State Legislature launched a Work Group that released a report in September of 2011 detailing the revenue shortfall in the state. This report estimated that an increase of \$1.4 billion per year was necessary to achieve road quality goals.⁷ The funding level of \$1.4 billion would provide an adequate stream of revenue to begin repairing Michigan's roads and returning them to a higher quality without causing undue traffic burdens due to over construction. Another recent task force in Michigan also performed an analysis that predicted the best investment in Michigan infrastructure would require an addition investment of over \$2 billion annually.⁸ The authors of this plan chose a number that was below \$2 billion based upon the belief that an over \$2 billion increase in revenue would create diminishing marginal returns to state investment would outweigh the benefits of the additional investment. The goal set, \$1.8 billion, takes a middle ground between the two most recent transportation funding studies performed by the state and is most importantly, attainable. The goal gives the State Legislature and Governor a solid number goal to reach in considering any comprehensive transportation plan, and the Reinvigorate MI Roads plan reaches this goal.

The final aspect of the Reinvigorate MI Roads plan the authors considered was the user focus of revenue sources. The roadways of our State are currently funded through a system that is fair, because those who get the most use of our roadways pay for that use. Individuals who drive the most pay the greatest amount of taxes because they have to pay the highest fuel taxes, whereas those who drive little and cause little damage to the roads purchase the least amount of gas and, therefore, pay the smallest amount of taxes to the system. A user pays system is considered fair and was thus considered a necessary aspect of Reinvigoring MI Roads and ensuring the legislative viability of the proposals.

Registration Fees

The first and most politically viable option for increasing infrastructure funding in Michigan is to increase registration fees. The Governor proposed this plan in his special message on infrastructure in October 2011 and the authors feel that this solution fits all of the necessary criteria of a revenue source as part of the Reinvigorate MI Roads plan. Registration

⁷ *Michigan's roads crisis: What will it cost to maintain our roads and bridges?* (19 September 2011). A report of the work group on Transportation Funding, of the House of Representatives Transportation Committee.

⁸ *Transportation solutions: a report on Michigan's transportation needs and funding alternatives.* (10 November 2008). The report of the Michigan Transportation Funding Task Force. Retrieved from <http://www.michigan.gov/mdot/0,1607,7-151-9623_31969-202856--,00.html>

fees are recurring, as they are collected yearly. It is not a one-time source of revenue and the state will continue to collect those revenues into the foreseeable future. This fee increase is stable, as can be seen by the above table that details registration fee revenues. From FY 1985 to 1997 registration fees averaged 5.2% growth, from FY 98-03 they averaged 4.9%, and from FY 03-09 they averaged -0.1%.⁹ This shows the stability of the fund since these revenues do not wildly fluctuate from one year to the next unless there are legislative changes to the amount of fees collected by the Department of State. This plan is ready and politically viable. The proposal raises substantial revenues that go towards solving Michigan's infrastructure problems, and does so in a user friendly way. This ensures that those who use the roads pay for that use, and ensures that those with electric vehicles are also paying for the damage their vehicles cause to the roads. Thus, raising registration fees fits the five criteria necessary to be part of the Reininvigorate MI Roads proposal.

There could be a slight reduction in registrations due to this plan, but the reduction is not estimated to have a tremendous effect on revenue. The presumed price elasticity of vehicle registrations is relatively small, meaning an increase in the price of registration will have a relatively small effect on the number of cars that are registered.¹⁰ To account for a possible decrease through individuals not registering their cars or selling existing vehicles or circumventing the system in other ways, the authors estimated a 1% reduction in registrations due to the fee increases. Total vehicle registrations in FY 09-10 were 8,194,367.¹¹ After factoring in the estimated registration reduction and registration fee increase, the State would enhance its MTF revenues by approximately \$973,490,760 in the next year through the registration fee increase. This revenue source would remain stable into the near future, and would grow with the population growth of the state.

The arguments against raising registration fees typically focus on the impact that has on lower income citizens. The authors of this study took that into consideration, but felt that the lowest income citizens will not be negatively impacted from a registration fee increase. Public transportation in Michigan is funded through the Comprehensive Transportation Fund, and anything that helps earn more money for the MTF likewise helps fund the public transportation systems in the state because the MTF makes payments to the CTF. As a result, public transportation could improve and be more readily accessible to the citizens of Michigan. In addition, some would argue that the registration fee increase would provide too big of a financial blow to lower and middle income families. Therefore, a compromise could be reached in the Department of State changing how they charge registration fees by going to a monthly payment system for registration fees. This would allow citizens to pay off their registration fees over time while still ensuring increased state revenues. This would, however, impact the readiness of the

⁹ SFA, State Notes, Spring 2010.

¹⁰ Beck, M.J., Rose, J.M., and Hensher, D.A. (28 December 2010). *Behavioural responses to vehicle emissions charging*. Springer Science + Business Media, LLC. - It should be noted that the elasticity predicted in this study is calculated in a panel survey of respondents in Australia that admittedly has different market and consumer characteristics than drivers in Michigan. This study served as a starting point to reach an elasticity estimate for Michigan drivers.

¹¹ *Summary of fees collected and number of transactions*. (2010). Michigan Department of State. Retrieved from <http://michigan.gov/documents/sos/summary_of_fees_collected_25683_7_208911_7.pdf>

proposal as the implementation of a payment system would take several years to properly establish until the revenue flow became consistent.

Elimination of Registration Discounts

The second aspect of the Reinvigorate MI Roads plan is to eliminate registration discounts. Currently, vehicle registration is reduced by 10% per year for the first three years after purchasing a car. These discounts are a carve-out in the registration system, and eliminating this loophole would increase transportation revenues by \$51,000,000 per year.¹² This message meshes well with the Governor's push for fairness, and is a discount that probably does not currently have a significant impact on behavior.

The elimination of current registration discounts fits within the Reinvigorate MI Roads criteria because it is recurring since registration fees are collected yearly. It is stable, as the number of cars registered in Michigan does not fluctuate wildly from year to year. The revenue is ready since it could be simply done with legislation, and it is sufficient as part of the entire Reinvigorate MI Roads plan. Finally, it is user focused since it centers on those citizens of Michigan who drive, and does not directly impact those who get little use of the State's infrastructure.

Opponents might argue that these discounts are necessary to protect consumers, but they are a relatively small discount that does not go to great lengths to protect consumers. The benefits to this discount are minimal, and the state is losing money that could otherwise be going to maintain our crumbling infrastructure. This aspect of the Reinvigorate MI Roads plan holds the most promise for passage from a political standpoint, but it is only one step in covering the funding shortfall.

Direct All Sales Tax on Fuel to the MTF

Just as a good stock portfolio is diversified to prevent large and unexpected losses, a good revenue stream should also be diversified to protect against cyclical economic effects. Currently, not all of the taxes collected on fuel is sent to the MTF or directed to transportation. The 6% sales tax that is collected on fuel purchases in Michigan should be directed to the MTF as it was intended. This requires a constitutional amendment to the State Constitution, but a portion of it could be immediately redirected to the MTF through a change to the General Sales Tax act. Some studies have estimated that this change could provide an additional \$800 million in

¹² *Transportation solutions: a report on Michigan's transportation needs and funding alternatives.* (10 November 2008). The report of the Michigan Transportation Funding Task Force. Retrieved from <http://www.michigan.gov/mdot/0,1607,7-151-9623_31969-202856--,00.html>

Revenue estimates for this proposal are based upon numbers generated by the above report. It should be noted that the TF2 report advocates implementing this change over a three year period such that the \$51 million would not be realized immediately. This plan calls for the immediate elimination of these registration discounts that would allow the state to earn these additional revenues in the next fiscal year.

revenues to the MTF.¹³ This would provide a needed revenue injection to Michigan's infrastructure, without increasing taxes or fees.

The proposal to redirect the sales tax on fuel is a part of the Reinvigorate MI Roads plan because it satisfies the five criteria the authors used for evaluating proposals. The plan is recurring, because sales tax is collected at every transaction and will continue to be collected as long as fuel is purchased. The sales tax on fuel purchases is stable because of the generally inelastic nature of gasoline. The tax revenue from this source does not fluctuate wildly with the economy, although it is subject to more long term cycles. In addition, it will not decrease with gas prices; rather, it will increase as gas prices increase because it is a percentage of the price. This change is ready in a smaller amount, about \$125 million that could be done legislatively.¹⁴ With a constitutional amendment it would be available in the full estimated \$800 million which will contribute to the sufficiency of the overall plan. Finally, this is user focused since it will collect on the money that users of the roadways pay, and ensure that those funds go toward transportation. The user focus of this proposal is integral in building support for its change. Money that is paid in taxes on fuel should go towards roads, so the users of those roads know their money is being allocated properly.

Opponents to this proposal will argue that these changes will divert money away from other uses such as schools. The sales tax on fuel, however, should go towards transportation. It was the original intent of allowing a sales tax on fuel that was on top of the other fuel taxes imposed by the state. In addition, some would claim that this would harm CTF revenues, but we feel that a compromise could be reached such that the MTF could still realize increased revenues from the change and the CTF could be held harmless in the process. While this would have a negative impact on the School Aid fund and General Fund by an undetermined amount, it would fall into the Governor's call for fairness and would be user generated, which is part of a fair and efficient tax base. Realistically, this is the most difficult to achieve politically, but with an aggressive public relations campaign on the need for increased road funding, this proposal could pass with the support of the electorate.

Allow Up to 25% of MNRTF Funds to be Used for Infrastructure Improvements in State Parks and Forests

This idea is the most unusual proposal of the Reinvigorate MI Roads plan. While this proposal would also require a constitutional amendment, it could go a long way in ensuring extra future funding for Michigan's roadways. The vast acreage of state parks and forests owned by the state could use funding from the Michigan Natural Resources Trust Fund to go towards infrastructure improvements in and around our state parks and forests. The MNRTF was dedicated to protect our natural resources for the citizens of Michigan, and ensuring their accessibility to the citizens of Michigan should be a vital part of that fund. This fund could be

¹³ *Transportation solutions: a report on Michigan's transportation needs and funding alternatives.* (10 November 2008). The report of the Michigan Transportation Funding Task Force. Retrieved from http://www.michigan.gov/mdot/0,1607,7-151-9623_31969-202856--,00.html

¹⁴ Zin, D. (2011). *Senate Bill 351 Analysis*. Senate Fiscal Agency. Retrieved from <http://www.legislature.mi.gov/documents/2011-2012/billanalysis/Senate/pdf/2011-SFA-0351-A.pdf>

expanded, therefore, to protect the resources for Michigan citizens by funding road improvement projects that increase their accessibility. Allowing up to 25% of the \$102,098,400 fund to be expended to this purpose yearly would allow \$25,524,600 to be used for roads.¹⁵ This could be a consistent source of rainy day type fund money that could go towards debt payments or other infrastructure payments in Michigan.

The advantages of this proposal are that the MNRTF will still be used to protect and promote Michigan's natural resources, while also providing for a new source of extra transportation funding. The fund would be recurring, since the MNRTF earns additional yearly revenues and since only 25% would be available for use on roads, it would be impossible to fully deplete the fund in a very bad year. The fund is stable, since the sale of natural resources remains fairly consistent each year. The proposal is ready, since the money is in the fund at present, and legislation could be introduced immediately to request a constitutional amendment. The funds would go toward making the Reinvigorate MI Roads plan a sufficient source of revenue. The fund is user focused since the sale of natural resources goes toward ensuring their accessibility of the general public. Opponents might argue that this is taking money away from natural resources, but in reality this will improve the accessibility of our natural resources which benefits all of the citizens of Michigan. The fund should not be opened up completely to be used as a transportation slush fund, but to be used conservatively to improve accessibility to Michigan's state parks and forests.

Undesirable Options

An unlimited array of possible funding solutions have been proposed by various stakeholders, and it is important to describe some of the more widely advocated proposals that this study does not seek to pursue. The primary proposal that should not be a part of the Reinvigorate MI Roads discussion is a sales tax increase. This could have a devastating effect on the Michigan economy at a time when economic recovery is still perilous. The primary motivation for reducing the jobless rate in our state is to increase consumer spending, something the legislature would be indirectly disincentivizing by increasing the sales tax. Michigan is in desperate need of a stable source of funding for transportation, and the sales tax is subject to massive cyclical effects that cause its revenues to vary widely in any given year. In addition, a sales tax is not user focused because everyone in the state pays the sales tax, regardless of how much they use the roads. Individuals who do all of their travel via walking or biking will be penalized for road repairs even though they don't cause any damage to the roads. Since a sales tax is not user focused or stable, the authors of this study determined that an increase in the sales tax is an undesirable option for providing increased infrastructure revenues.

The other proposal that has earned some consideration is the concept of tracking vehicle mileage, either through a GPS or regularly scheduled odometer examinations. There are a variety of problems with this proposal and it does not fit within the author's criteria of being ready. A GPS system is, to the author's knowledge, not available on a large scale for use. Establishing a tracking system and the bureaucracy to oversee such a system would take years

¹⁵ Department of Natural Resources Trust Fund: funding history. (24 August 2011). Senate Fiscal Agency. Retrieved from <http://www.senate.michigan.gov/sfa/Departments/FundHistory/FHdnt_web.pdf>

and its success is not guaranteed. While a regularly scheduled odometer examination might be feasible now, a new bureaucracy of oversight would still be required to administer the program that would come at a great cost to the state to establish. In addition, the invasion of privacy such systems could mean such a proposal is possibly unconstitutional, or at the very least, unlikely to be approved by a Republican controlled legislature.

Many proposals considered by the authors of this study involved creating a system of toll roads in the State of Michigan as part of increasing transportation revenue. While this method has been successful for many other states, this did not fit the criteria for consideration as part of the Reinvigorate MI Roads plan. First, Michigan is a state characterized by two peninsulas. Most other states that have toll roads are pass-through states such as Ohio and Indiana, where citizens are using their road systems to reach a destination that is not necessarily in those states. Michigan is not a pass-through state, in that the destination of most of Michigan's drivers is Michigan itself. This means individuals who would be paying tolls in Michigan would be one of two primary groups: citizens of Michigan or tourists. A toll system, therefore, would rely heavily on the residents of this state and increase the cost of visiting Michigan for tourists. Citizens of Michigan would begin finding alternative routes to avoid the toll roads, and visitors might chose to no longer vacation in Michigan because of the costs and burden of driving on the states toll roads. The other primary reason this proposal was not part of the Reinvigorate MI Roads plan is because it is not ready. Establishing toll roads requires massive infrastructure investment in establishing toll plazas and construction on every current highway exit. While bonding might be possible to cover these costs, the Department of Transportation is currently heavily bonded, making additional debt undesirable. In addition, converting highways to toll roads would cause Michigan to sacrifice precious federal matching funds and could result in Michigan being required to repay the federal government millions or billions of dollars of previous fiscal year's matching funds.

Finally, there are some who have proposed the elimination of the gas tax. This is typically proposed as part of a larger plan, but it is regardless an undesirable option without ensuring it is revenue neutral. This is not a criticism of Governor Snyder's plan, which seeks to transfer the tax burden to the wholesalers of gasoline as opposed to the retailers, but to criticize proposals that seek to eliminate the fuel tax entirely. The fuel tax, while it has seen reductions in revenue the past decade, is still a substantial source of revenue for the State of Michigan and to eliminate that would be foolish. The elimination of the gas tax would not have any sort of immediate economic stimulus effect, as demand for fuel is relatively inelastic. That is, it takes a drastic change in prices to elicit a substantial change in behavior. Elimination of the gas tax undermines the ability of a plan to raise the sufficient revenues needed to begin repairing Michigan's infrastructure.

IV. The Benefits: Jobs

The benefits to this program are enormous for the citizens of Michigan. The average commute time in the state of Michigan is around 24 minutes¹⁶, so it is not unreasonable to assume most people spend close to an hour on the road a day. That hour does not need to be compounded with the frustrations of bad roadways causing more traffic and wear and tear on the vehicle. Michigan is an economy that was founded on the automobile industry, as a largely manufacturing state the infrastructure funding needs to be some of the best in the nation, or at least proportionate to the amount of traffic that is seen every day.

Jobs

The increase in road funding would create jobs directly, by increasing the need for pavement and striping companies who would be subcontracted to reinvigorate the roadways. This would help with the unemployment rate, not just a quick fix, but generate jobs that will continue beyond this year and into the future, keeping jobs and money here in Michigan. Since the revenue streams are recurring, the jobs would continue for years into the future. The jobs created would be good paying middle class jobs, those that people can thrive on. The increase in funding would also indirectly create jobs, through the manufacturing of equipment to build roads, and also, with better roads and quicker commute times, our state as a whole can become more productive, spending less time in the auto-repair shop and more at work and on the go.

Infrastructure Improvement

The Reinvigorate MI Roads program will have lasting impact on infrastructure investment for years to come. Some studies predict that immediately and continually increasing funding from Michigan's roads would, within 20 years, cause at least 90% of roads to be rated in the "good" or "fair" category.¹⁷ The increase in road funding could also free up Michigan's transportation budget for funding other needs that are less advertised or dire, such as dredging in Great Lake's Harbors or focusing on railway transportation.

Safety

The rehabilitation of our roadways is also important to the public safety of the people of Michigan. Studies have shown that roadway condition is a contributing factor in more than half of American deaths resulting from motor vehicle crashes each year.¹⁸ The increasing deterioration of Michigan's roads puts more citizens at risk of accidents, injury, or even death. Poor road conditions deteriorate vehicles more quickly by increasing the likelihood of flat tires or other vehicle damage which create dangerous situations for drivers. The need to Reinvigorate

¹⁶

U.S. Census Bureau, 2010 American Community Survey. Retrieved from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_GCT0801.US01PR&prodType=table

¹⁷

Michigan's roads crisis: What will it cost to maintain our roads and bridges? (19 September 2011). A report of the work group on Transportation Funding, of the House of Representatives Transportation Committee.

¹⁸

Miller, T.R. and Zaloshnja, E. (April 2009). *On a crash course: the dangers and health costs of deficient roadways*. The Pacific Institute for Research & Evaluation.

MI Roads goes beyond simply the desire to have a comfortable drive, it impacts the safety and welfare of the citizens of Michigan. Clearly, this indicates a need for action.

V. The How-To: Building Public Support

Radio

Utilizing an advertising campaign that specifically targets users while they are seeing the roads first hand. Radio broadcast would be targeted in towns that feature a high volume of motor vehicle traffic, specifically those next to or that have major exits from US 23, Interstate 75, Interstate 94, The Lodge and Telegraph.

Social Media

Facebook and Twitter allow for a free form of advertisement that hits a wide variety of demographics be it age or race. Producing an attractive yet effective campaign is key to gaining the public opinion. The pages can be used to link to youtube.com videos that relay our message in a much more effective form.

Television

Effective marketing is done between the hours of 5pm and 9pm. The percentage of Americans that regularly watch television while eating dinner: 66.¹⁹ Building an effective television campaign will convey the message to voters in the comfort of their own home. Decreasing the actual formality of the message will allow voters to relate to the bill.

Newspaper

Having bill sponsors write letters to the editor of major publications would show local support for the bill and allow voters to see the emphasis for the bill in their hometown. Garnering support from local elected officials and people of public recognition would be essential to gaining public support. Some sample letters to the editor can be seen in the appendix, and distributing them will help gain grassroots support for the Reininvigate MI Roads plan.

Resource for Contacting Representatives

The best way for the people of Michigan to speak out about their displeasure with the current infrastructure is to contact their State Representative's office. Using the following link <http://www.house.mi.gov/mhrpublic/> constituents can contact their appropriate State Representatives.

¹⁹ TV-Free America, 1322 18th Street, NW Washington, DC 20036. <
<http://www.csun.edu/science/health/docs/tv&health.html>>

VI. The Next Step: Conclusion

As stated above, one of the major criteria for analyzing proposals was ensuring that they were ready, today, for legislative consideration. While there could be other funding solutions that are perfect, the authors of this plan refused to propose any changes that could not conceivably be passed by the State Legislature or the people of Michigan. The Republican Legislature in Michigan is adamantly opposed to tax and fee increases, so many of these proposals centered on redirecting revenue that should be part of the MTF. The registration fee increases are the major fee increases as part of this package, and a necessary aspect of any transportation plan. The registration fee increase aspect of the proposal has strong executive support which could help ensure its passage.

The Reinvigorate MI Roads plan is meant to provide a revenue solution for Michigan's infrastructure woes. It makes the assumption that the Department of Transportation is already implementing best practices that have internally reduced its cost of doing business as much as possible. Administrative changes within the Department of Transportation as well as consolidation of road commissions could and should be part of the solution to fixing Michigan's roadways. The Reinvigorate MI Roads plan provides a solid first step that is necessary to restoring our state's infrastructure. A state cannot operate efficiently on deteriorated and unsafe roads. This plan will start turning the tide from disinvestment in our infrastructure to active and adequate investment in our infrastructure with the goal of having some of the best roads in the nation. There might be some who feel that having adequate roads comparable with our neighboring states would be good enough, but we feel that Michigan should strive to be the best. It's time to Reinvigorate MI Roads.

VII. Appendix – Sample Letters to the Editor

Dear Editor,

Michigan roads need to be fixed. Plain and simple. I think I speak for my neighbors in my community and state when I say that I am tired of the road conditions in our state. My drive to work is filled with potholes, bumps, and cracks that deteriorate my car, and make my commute unbearable. I am calling on my Governor and State Legislature to Reinvigorate MI Roads.

Repairing our roads will not be easy. We have used up our one-time fixes, our quick fixes, and our budget gimmicks. We've kicked the can down the road, and now we've hit a pothole. It is time for bold action that will increase revenues to pay for necessary infrastructure updates. It's time to Reinvigorate MI Roads.

The Reinvigorate MI Roads proposal is a sensible solution that will find \$1.8 billion in money that will be solely dedicated to infrastructure and Michigan's roadways. We will have to pay a little bit more, but it is worth it. As the auto capital of the world, we should have an infrastructure that can carry those

vehicles we take pride in building without leaving them in disrepair. It is time to get our state back on track. It is time to make drastic and lasting changes. It is time to Reinvigorate MI Roads.

Sincerely,

Dear Editor,

Reinvigorate MI Roads. This is the rallying cry that started as a whisper, but is engulfing our state in a roar. Citizen's of Michigan have woken up to realize our roads are not getting better, they are getting worse. Continued inaction will only delay repairs and cost our state more in the long run. We need swift action to raise revenues, and we need it now. Michiganders have realized this, and support is building to Reinvigorate MI Roads.

I call on all of my friends and neighbors to join me with this call. If you have driven over a pot hole, crack, or bump in the past week, you know the difficulties our state is facing. If you are fed up with the status quo, then join me in asking our Governor and State Legislature to Reinvigorate MI Roads.

Sincerely,

